

AMENDED IN SENATE AUGUST 17, 2004

AMENDED IN ASSEMBLY MAY 20, 2004

AMENDED IN ASSEMBLY APRIL 27, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

## ASSEMBLY BILL

**No. 2710**

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**Introduced by Assembly Members Liu and Diaz**

February 20, 2004

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An act to add Sections 66024.5, 66024.6, 66024.7, and 66024.8 to, and to add the heading of Article 3.5 (commencing with Section 66024.5) to Chapter 2 of Part 40 of, the Education Code, relating to public postsecondary education.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2710, as amended, Liu. Public postsecondary education: mandatory systemwide resident student fee policy.

Existing law, known as the Donahoe Higher Education Act, provides for a public postsecondary education system in this state. This system consists of the University of California, the California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory systemwide fees, among other fees, be paid by students at these institutions. The provisions of the Donahoe Act apply to the University of California only to the extent that the Regents of the University of California act by resolution to make them applicable.

This bill would add provisions to the act to express legislative findings and intent with respect to the process of setting student fee levels. The bill would *require the Legislative Analyst's Office to*

*annually provide the Legislature with information regarding the per-student cost of education at the California State University and the University of California and the share of that cost that is being paid by students at the respective institutions.*

*The bill would provide that the Regents of the University of California and the Trustees of the California State University bear the primary responsibility for adjusting mandatory systemwide resident student fees at their respective systems. The bill would also add provisions to the act to require these universities to develop methodologies for the adjustment of fees in accordance with a prescribed procedure.*

*The bill would require the California Postsecondary Education Commission to annually review, and report to the Legislature and the Director of Finance about, the policies and procedures adopted pursuant to the bill.*

*The bill would become operative on July 1, 2005.*

*Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.*

*The people of the State of California do enact as follows:*

1 SECTION 1. The heading of Article 3.5 (commencing with  
2 Section 66024.5) is added to Chapter 2 of Part 40 of the Education  
3 Code, to read:

4  
5 Article 3.5. Student Fee Policy

6  
7 SEC. 2. Section 66024.5 is added to the Education Code, to  
8 read:

9 66024.5. The Legislature finds and declares all of the  
10 following:

11 (a) The state has long recognized the value of providing broad  
12 access to postsecondary education to the state's citizens. It has  
13 demonstrated that commitment by investing in postsecondary  
14 education and maintaining public student fee levels that are  
15 fiscally responsible and affordable. The student fee principles  
16 expressed in this section seek to continue the state's historic  
17 commitment to ensuring access and maintaining quality  
18 throughout the state's public universities while recognizing the



1 fiscal challenges that confront both the state and postsecondary  
2 education.

3 (b) Historically, the state has borne the preponderance of  
4 responsibility for providing the fiscal resources necessary to  
5 ensure that all eligible state residents have access to high-quality  
6 educational opportunities at the state's public colleges and  
7 universities. Further, the state bears the principal and overarching  
8 responsibility for ensuring that all financially needy students have  
9 the financial assistance necessary for them to enroll in institutions  
10 of higher education and complete their postsecondary education  
11 objectives.

12 (c) Changes in resident student fees or in student financial aid  
13 funding or packaging policies should take into consideration the  
14 total cost to the student of attending the university, including  
15 mandatory campus-based student fees, and housing and living  
16 expenses, as well as all other expenses associated with university  
17 attendance. Increases in student fees should not be accompanied  
18 by a decline in academic quality and service.

19 (d) Any necessary increases in mandatory systemwide fees  
20 should be accompanied by appropriate increases in funding for  
21 need-based student financial aid.

22 SEC. 3. Section 66024.6 is added to the Education Code, to  
23 read:

24 66024.6. The following state policies regarding mandatory  
25 systemwide resident fees and financial aid are established for  
26 students enrolled in the state's public universities:

27 (a) The total cost of a public postsecondary education should  
28 be a shared responsibility of students, families, and the State of  
29 California. However, in order to keep resident undergraduate  
30 student fees at the state's public universities as low and affordable  
31 as possible, the state shall bear the preponderance of responsibility  
32 for funding postsecondary education.

33 (b) So that students and their families can better prepare  
34 financially for college expenses, any changes in resident student  
35 fees should be gradual, moderate, and predictable. Any potential  
36 adjustments in resident student fees should take into consideration,  
37 and be balanced with, available state General Fund revenues to  
38 ensure that the access, quality, and affordability of the state's  
39 public universities are not adversely affected.

(c) Changes in resident student fees should take into consideration a number of factors, including the total cost of educating a student, the appropriate share of the cost of instruction to be paid by the student, and information concerning families' ability to pay. Student financial aid policy and programs should ensure affordability for students from all income levels. Recognition of these indicators will better ensure that changes in resident student fees are gradual and moderate.

(d) As changes in resident student fees and financial aid resources are considered, the state should have an understanding of the impact that these changes will have on both current and prospective students. Efforts should be employed to mitigate any negative impact on financially needy students. Increases in student fees shall be coupled with corresponding increases in state and institutional student financial aid.

(e) To the extent that budget decisions are made in a timely manner, adequate advance notice should be provided to students regarding future student fees, thereby allowing them and their families greater time to prepare for the fees to be assessed.

(f) In order to ensure that access is not precluded for any eligible student, but particularly for financially needy students, all current and prospective students should be provided with timely information concerning student financial aid, including the processes associated with applying for and obtaining student financial assistance.

(g) Students enrolled in graduate and professional programs that provide the prospect of significant personal economic returns may be subject to higher student fees. The regents and the trustees should provide a rationale for any differential student fees to be levied upon any cohort of graduate or professional school students.

(h) Student fee and financial aid policies should encourage and promote a student's timely completion of the requirements necessary for degree attainment.

(i) To ensure that financially needy students are provided with assistance in managing the total cost of their university attendance, financial aid programs, including institutional aid, should be aligned with the distinct financial needs of the systems' student populations and student fee levels.

(j) Revenues derived from student fees should remain within the budgets of the respective university systems in order to provide

benefits to the students enrolled within a system. When the system initially adopts the fee methodology pursuant to Section 66024.7, the system shall present this methodology to the appropriate legislative fiscal and policy committees for review and discussion by those legislative committees.

(k) It is the intent of the Legislature that all of the following occur:

(1) The State of California should maintain its primary responsibility to fund public postsecondary education in California.

(2) Undergraduate student fees should not be increased by more than 8 percent in any academic year.

(3) Annually, except in fiscal emergencies, the student fee amount should be adjusted by the annual changes in statewide per capita personal income as compiled by the Department of Finance.

(4) In the context of implementing this student fee policy, the following targets shall be considered:

(A) Undergraduate students attending the University of California should pay student fees that do not exceed 40 percent of the overall costs of education at that university.

(B) Undergraduate students attending the California State University should pay student fees that do not exceed 30 percent of the overall costs of education at that university.

*(l) The Legislative Analyst's Office shall annually provide the Legislature with information regarding the per-student cost of education at the California State University and the University of California and the share of that cost that is being paid by students at the respective institutions.*

SEC. 4. Section 66024.7 is added to the Education Code, to read:

66024.7. (a) The Regents of the University of California and the Trustees of the California State University shall bear the primary responsibility for adjusting mandatory systemwide resident student fees at their respective systems.

(b) To carry out the responsibilities of this section, the regents and the trustees shall each develop a rational and transparent methodology for adjusting mandatory systemwide resident student fees consistent with the student fee policy principles set forth in Section 66024.6. These methodologies shall be developed in consultation with appropriate student representatives through

1 student fee advisory committees and, once developed, shall be  
2 formally adopted by the regents and the trustees, respectively, in  
3 open public meetings. The annual budgets of the segments shall be  
4 drafted on the basis that fees will change in accordance with the  
5 methodology established under this section.

6 (c) In adopting a methodology, each system shall take into  
7 consideration the impact that the methodology and its resulting  
8 outcome will have on students and the quality of the system. At a  
9 minimum, each system shall pay careful attention to the impact  
10 that the proposed methodology has on financially needy and  
11 underrepresented students, average time to degree completion,  
12 and the total cost to the student of obtaining a degree. To the extent  
13 that either system recognizes that the proposed methodology will  
14 have a negative impact, the system shall include a plan for  
15 mitigating that impact. Each system shall annually report to the  
16 Governor, the Legislature, and the California Postsecondary  
17 Education Commission concerning its analysis of the impact  
18 associated with implementation of its student fee methodology.

19 (d) (1) Employing the methodologies adopted under this  
20 section, the regents and the trustees shall annually propose an  
21 adjustment in the level of their respective mandatory systemwide  
22 resident student fees. The regents and trustees may not assume that  
23 State General Fund resources will be made available to backfill for  
24 any proposed changes in student fee levels.

25 (2) The proposed adjustments in student fees shall be discussed  
26 and acted upon by each system's governing body in an open public  
27 meeting. Consistent with the state's open meeting law provisions,  
28 each system's governing body shall provide an opportunity for  
29 interested constituents to comment on the proposed changes in  
30 student fees.

31 (e) The regents and the trustees shall discuss, and act upon, any  
32 proposed changes in student fees by no later than each November  
33 30 in order for those fees to take effect the academic term  
34 commencing after July 1 of the following calendar year. Following  
35 the governing body's action, each system shall employ appropriate  
36 procedures to notify students of the proposed changes in student  
37 fees. The Legislature finds and declares that this advance  
38 notification will enable students and their families to better plan  
39 financially.

40 (f) The Legislature finds and declares both of the following:

1 (1) The Governor and Legislature should recognize the  
2 responsibility assigned to the segments under this article, and  
3 allow student fees to increase or decrease in a manner consistent  
4 with the respective methodologies adopted by the regents and the  
5 trustees.

6 (2) To the extent that the Governor or Legislature identify  
7 additional State General Fund resources to provide to higher  
8 education, they are encouraged to examine the overall fiscal needs  
9 of the state's public colleges and universities and provide state  
10 revenues to assist the universities in meeting their ongoing  
11 operational needs, rather than using limited state revenues to  
12 backfill for proposed changes in fee levels.

13 (g) If, following enactment of the annual Budget Act, because  
14 of budgetary restrictions or requirements, the level of student fees  
15 to be assessed in the upcoming academic year differs from those  
16 previously approved by the regents or the trustees, the affected  
17 governing body shall meet in open public session to discuss and act  
18 upon the revised level of student fees. This action shall occur in an  
19 open public meeting, and provide an opportunity for interested  
20 constituents to comment on the proposed change in student fees.  
21 The regents and the trustees shall bear the final and ultimate  
22 responsibility for determining the student fees to be assessed.

23 (h) Following the final action of its governing body, each  
24 system shall employ appropriate procedures to notify students of  
25 the student fees to be assessed in the upcoming academic year. In  
26 addition, each system shall simultaneously provide students with  
27 information concerning the availability of student financial aid  
28 and the procedures for obtaining that aid in order to assist students  
29 with meeting the increased costs of university attendance.

30 (i) (1) A system shall report to the appropriate legislative fiscal  
31 and policy committees by October 1 in any fiscal year in which any  
32 of the following situations occur:

33 (A) The system makes any change to the student fee  
34 methodology it adopts under this section.

35 (B) The system proposes any changes in its student financial  
36 aid policies or student financial aid funding levels.

37 (C) The proposed student fee or student financial aid policies  
38 are deemed by the appropriate governing body to have a possible  
39 negative impact on disadvantaged or financially needy students of  
40 that system.

1 (2) It is the intent of the Legislature that both of the following  
2 occur:

3 (A) The systems shall maintain comprehensive outreach  
4 efforts to inform students and their families about fee levels and  
5 opportunities for student financial aid.

6 (B) Assistance for nontraditional and low-income students  
7 shall be a priority for the systems' outreach efforts.

8 (j) As used in this section:

9 (1) "Governing body" refers to the regents or the trustees, as  
10 appropriate.

11 (2) "Student fee" refers to mandatory systemwide resident  
12 student fees.

13 (3) "System" refers to the University of California or the  
14 California State University, as appropriate.

15 SEC. 5. Section 66024.8 is added to the Education Code, to  
16 read:

17 66024.8. Each year, prior to March 1, the California  
18 Postsecondary Education Commission shall review institutional  
19 compliance with the policies set forth in this article, and report, in  
20 writing, to the Legislature and the Director of Finance any  
21 findings, conclusions, or recommendations of the commission  
22 regarding the implementation of these policies.

23 SEC. 6. This act shall become operative on July 1, 2005.

